

# Legislative Fiscal Bureau

## Fiscal Note

---

HF 2393 – Investigations Division (LSB 5229 HV)

Analyst: Mary Beth Mellick (Phone: (515) 281-8223) (marybeth.mellick@legis.state.ia.us)

Fiscal Note Version – New

---

### **Description**

House File 2393 relates to public assistance benefits received by persons who were not entitled or eligible to receive the benefits, and the total dollar amount was proven to be more than \$1,000. Additionally, HF 2393 provides civil penalties and appropriates certain penalties received.

### **Assumptions**

1. The analysis is based on FY 2001 data from the Department of Human Services (DHS) and the Department of Inspections and Appeals (DIA).
2. Department of Human Services investigation costs for FY 2001 include .55 full-time equivalent (FTE) position and \$17,000.
3. Department of Inspections and Appeals investigation costs include investigator time only and totaled \$1.4 million in FY 2001.
4. Individuals would pay up to \$500 and providers would pay up to \$5,000 in investigation costs per case.
5. There were 1,750 cases adjudicated for individuals receiving fraudulent benefits in FY 2001. Total fraud amounts totaled \$1.6 million. Under HF 2393:
  - a. Maximum civil penalties for individuals would be three times the fraud amount, or approximately \$2,700 per case, for a total of \$4.7 million.
  - b. Maximum investigation costs recoverable would be \$500 per case, or \$875,000.
6. There were 40 cases adjudicated for providers receiving fraudulent benefits in FY 2001. Total fraud amounts in such cases totaled \$300,000. Under HF 2393:
  - a. Maximum civil penalties for providers would be \$5,000 or 25.0% of the fraud amount, whichever is greater, up to a maximum of three times the fraud amount. Civil penalties would be approximately \$200,000.
  - b. Maximum investigation costs recoverable would be \$5,000 per case, or \$200,000.
7. Maximum investigation costs recoverable for providers and individuals receiving fraudulent benefits would be \$1.1 million.
8. Maximum civil penalties for providers and individuals receiving fraudulent benefits would be \$260,000.

### **Fiscal Impact**

The annual General Fund fiscal impact of HF 2393 would result in a net increase in revenues of approximately \$4.6 million. The detail breakdown is as follows:

---

### **Annual Recovery in Public Assistance Benefits**

---

#### **Revenues**

Individuals:	
Penalties	\$ 4.7 million
Investigation Cost Recovery	.9 million
Sub Total	<u>\$ 5.6 million</u>
Providers:	
Penalties	\$ .2 million
Investigation Cost Recovery	.2 million
Sub Total	<u>\$ .4 million</u>
Total Revenues	\$ 6.0 million

#### **Expenditures**

Department of Human Services	\$ .02 million
Department of Inspections and Appeals	1.4 million
Sub Total	<u>\$ 1.4 million</u>
Net General Fund Revenue	<u>\$ 4.6 million</u>

#### **Sources**

The Department of Inspections and Appeals  
The Department of Human Services

\_\_\_\_\_  
/s/ Dennis C Prouty

March 11, 2002

---

The fiscal note and correctional impact statement for this bill was prepared pursuant to Joint Rule 17 and pursuant to Section 2.56, Code of Iowa. Data used in developing this fiscal note and correctional impact statement are available from the Legislative Fiscal Bureau to members of the Legislature upon request.

---